



DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Blvd.
Baltimore, Maryland 21244

HEALTH PLAN BENEFITS GROUP

DATE: November 18, 2002

LETTER TO: Medicare+Choice Organizations (M+COs)

SUBJECT: Non-Renewal, Service Area Reduction and Plan Benefit Package
(PBP)- Level Processing and Payments for 2003—**ACTION**

The purpose of this letter is to notify you how CMS will process contract level non-renewals, conversions and service area reductions, AND PBP changes; i.e., rollovers and PBP non-renewals. An explanation of Hospice payments at the PBP-level is also included. These instructions apply to the December 10 GHP system cutoff date for changes effective January 01, 2003 and beyond.

For your convenience we have included a chart that summarizes the narrative below. Please review the narrative and chart to ensure your organization takes the appropriate actions necessary based on your contract and/or PBP changes effective January 1, 2003.

Contract non-renewal (1)

Do **not** submit disenrollments for any members who will remain through the end of the contract period. CMS will mass disenroll all remaining members as of close of business on December 31, 2002.

Do **submit** disenrollment transactions for any members who request disenrollment effective December 1, 2002, by the December 10 cut off date.

Contract Service Area Reduction (2)

These counties will not reside in any service area of the contract.

Do submit disenrollments with a January 1, 2003, effective date for all members who reside in those counties by the December 10 cutoff date.

CMS Approved Contract Rollover (3)

CMS will move/rollover all remaining members from the non-renewing contract to the continuing contract. Do submit disenrollments for December 1, 2002 or January 1, 2003 for those members who do not wish to rollover to the new contract number.

PBP Non-renewal without “passive election” (4)

The managed care system will disenroll all of the members of a PBP that the M+CO is non-renewing. Please note that when this occurs, all of these members will be disenrolled from your organization. An individual must have elected an active PBP to remain in an M+CO.

IT IS VERY IMPORTANT that your M+CO submit PBP Change transactions to move the members from a non-renewing PBP to a 2003 active PBP within your M+CO by the **data due date of December 10, 2002**. Failure to do so will result in the disenrollment of these members from your M+CO.

PBP Non-renewal with “passive election” (5)

All remaining members will be moved to the new PBP by CMS after close of business December 31, 2002 with an effective date of January 1, 2003. (This can only occur from one PBP to another, not multiples.) However, the MCO should submit disenrollments with a January 1, 2003, effective date for members who do not wish to be enrolled in the new PBP for the coming year, by the December 10 cutoff date.

Also submit disenrollments for members who have requested disenrollment on December 1, 2002, by the December 10 data due date.

PBP Service Area Reduction with “passive election”(6)

These counties will reside under another PBP number in the M+CO. Submit transaction 71 to move members within the M+CO. Submit disenrollments for members who wish to disenroll from the M+CO effective either December 1, 2002 or January 1, 2003. All transactions must be submitted by the December 10 data due date.

PBP Administrative Consolidation (7)

CMS has approved a PBP administrative consolidation number change. Submit disenrollments for members effective December 1, 2002 or January 1, 2003, by the December 10 data due date. CMS will move/rollover all remaining members to the new PBP number.

PBP Split (8)

Current PBP counties are split between one or more PBPs. Submit transaction type 71 to move members within the M+CO. Submit disenrollments for members who wish to be disenrolled effective either December 1, 2002 or January 1, 2003. All transactions must be submitted by the December 10 cutoff date.

General Information on PBP Rollovers

Rollovers performed in the managed care system move all of the members of one PBP to another PBP without the need for the M+CO to submit any transactions. This occurs when CMS approves a PBP# change as a passive election or administrative consolidation; members do not sign enrollment applications. In these situations, the managed care system will change the PBP numbers of the current members to the new PBP number without a break in the enrollment period. When a rollover occurs, the M+CO does NOT submit any PBP Change transactions.

Hospice Payments

Effective January 1, 2003, payments for your hospice members will reflect the rates associated with the specific PBP they have elected. These amounts will be shown on the Monthly Membership Report. A new adjustment reason code will be added to identify retroactive PBP changes that result in different payment amounts.

CODE 29 – RETROACTIVE PBP CHANGE

IT IS VERY IMPORTANT that members are shown to be in the correct PBP beginning with the January 1, 2003 Monthly Membership Report. Failure to do so may result in erroneous payments.

For 2003, impacts to payment based on PBP number will only apply to Hospice members. Also, while M+CO-submitted “current-month” PBP changes will be accepted, other retroactive PBP changes will be rejected. CMS regional office staff will determine on a case-by-case basis whether to process any M+CO retroactive PBP change requests.

Contacts

If you have any questions regarding this letter, please contact the Central Office representative assigned to the region where your M+CO is located. See below:

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Attachment (1)

cc: Regional Office Coordinators

| # | ACTIVITY | CMS SYSTEMS ACTION | M+CO ACTION |
|---|--|--|--|
| 1 | Contract non-renewal | Disenroll members to FFS | Do not submit transactions |
| 2 | Contract service area reduction | No systems action | Submit transaction type 51s to disenroll members from the M+CO |
| 3 | CMS approved contract rollover | Move members that have not disenrolled to the new contract (H #) | Do not submit transactions unless members want to disenroll |
| 4 | PBP termination w/o “passive election” | Disenroll members to FFS | Submit transaction type 71s to move members within the M+CO or transaction type 51s to disenroll members from M+CO |
| 5 | PBP termination with “passive election” | Move members that have not disenrolled to the new PBP# | Do not submit transactions unless members want to disenroll |
| 6 | PBP service area reduction with “passive election” | No systems action | Submit transaction type 71s to move members within the M+CO or transaction type 51s to disenroll members from M+CO |
| 7 | CMS approved PBP rollovers (administrative consolidations) | Move all members to the new PBP | Do not submit transactions |
| 8 | Current PBP splits to another PBP(s) | No systems action | Submit transaction type 71s to move members within the M+CO or transaction type 51s to disenroll members from M+CO |